GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:410
ANSWERED ON:03.02.2017
Foreign Exchange Reserves
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Will the Minister of FINANCE be pleased to state:

(a) whether the Foreign Exchange Reserves (FERs) have recently dipped to the lowest level since May, 2016;

(b) if so, the details thereof and the reasons therefor;

(c) whether there is shortage of foreign exchange reserves in the country; and

(d) if so, the steps taken by the Government to arrest the depletion of forex reserves?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) to (d) India's foreign exchange reserves (FER) increased from US$ 361.6 billion at end May 2016, to US$ 372 billion at end September 2016. It declined to US$ 361.1 billion at end November 2016 and stood at US$360.8 billion as on 20th January 2017. The fluctuation in India's foreign exchange reserves (FER) is largely the outcome of the RBI's intervention in the foreign exchange market to smoothen exchange rate volatility, valuation changes due to movement of the US dollar against other international currencies in the reserve basket, movement in the gold prices, interest earnings from deployment of foreign currency assets (FCA) and inflow of aid receipts (Government aid in foreign currency). India's foreign exchange reserves position is comfortable in terms of import cover, short term and total external debt ratios. The Government and the RBI are closely monitoring the emerging external position and on an ongoing basis calibrating policies or regulations to support robust macroeconomic outcome.
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